

REPORT OF
FINANCIAL EXAMINATION

METLIFE INVESTORS INSURANCE COMPANY

As Of
December 31, 2002

STATE OF MISSOURI
DEPARTMENT OF INSURANCE
JEFFERSON CITY, MISSOURI

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October 6, 2004
Tampa, Florida

Honorable Kevin M. McCarty, Commissioner
Office of Insurance Regulation
Florida Department of Insurance
Chairman, Financial Condition (E) Committee, NAIC

Honorable Jorge Gomez, Commissioner
Office of the Commissioner of Insurance
State of Wisconsin
Secretary, Midwestern Zone, NAIC

Honorable Scott B. Lakin, Director
Missouri Department of Insurance
301 West High Street, Room 530
Jefferson City, Missouri 65101

Dear Sirs/Madam:

In accordance with your financial examination warrant, a full scope association financial examination has been made of the records, affairs and financial condition of

METLIFE INVESTORS INSURANCE COMPANY

hereinafter referred to as such or as the "Company." The administrative office is located at 4100 Boy Scout Boulevard, Tampa, Florida 33607, telephone number 813 801-2100. This examination began on November 1, 2003, and concluded on October 6, 2004.

SCOPE OF EXAMINATION

Period Covered

The last full scope association financial examination of the Company was made as of December 31, 1999, by examiners from the state of Missouri representing the Midwestern Zone of the National Association of Insurance Commissioners (NAIC) with no other zones participating.

The current full scope association financial examination covers the period from January 1, 2000, through December 31, 2002, and was conducted by examiners from the state of Missouri representing the Midwestern Zone with no other zones participating.

This examination also included material transactions and/or events occurring after December 31, 2002.

Procedures

This examination was conducted using the guidelines set forth in the Financial Condition Examiners Handbook of the NAIC, except where practices, procedures and applicable regulations of the Missouri Department of Insurance and statutes of the state of Missouri prevailed.

The workpapers of the Company's independent auditor, Deloitte & Touche LLP, were made available to the examiners. No reliance was placed on the independent auditors' evaluation of the effectiveness of the Company's system of internal control.

The Missouri Department of Insurance engaged an independent actuary to perform a review of the Company's reserve calculations and determine whether its reserving methodology was appropriate.

Comments – Previous Examination

The comments and recommendations of the previous examination report dated December 31, 1999, are listed below with the subsequent response or action taken by the Company concerning such comments, recommendations and notes.

1. **Comments: Corporate Records**

Certain actions that had been taken by the Company were not documented in the minutes of the board of directors and there were no annual stockholder's meeting minutes in 1999. The types

of actions that were missing in the minutes and should have been discussed and documented include, but are not limited to, the following: receipt of capital contributions, intercompany operating advance, review and approval of investments, and review and approval of intercompany agreements with both affiliates and non-affiliates. We direct the board of directors to fulfill their obligation to document their management, direction and control of the corporation.

Company Response:

The undisclosed events took place during a period of transition in the legal department. The Company has endeavored to ensure that significant transactions and events are documented in the board of directors' minutes.

Current Finding:

The current board minutes seemed to provide more detail of the Company's activities. There still was no mention in the board minutes of contributions to capital in 2000 for \$55,000,000 and in 2001 for \$85,000,000, but this is not an examination requirement.

2. Comments: Reinsurance

An unusually large number of minor discrepancies were discovered when examining the underlying actuarial data relative to the reinsurance treaty with MetLife. Included in these discrepancies were differences between the risk class on the policy and the risk class in the actuarial data and one-year differences in the issue age of certain insureds. This information has been relayed to the Company and relevant personnel are examining this problem. We recommend that the policy database relative to this treaty be carefully examined for all discrepancies and those discrepancies then corrected.

Company Response:

The contracts in question were term policies relating to the Modified Coinsurance agreement with Metropolitan Life Insurance Company. The policy information was corrected.

Current Finding:

During the current financial examination we reviewed underlying data of a different contract and found that data to be accurate.

HISTORY

General

The Company was incorporated on August 17, 1981, and issued a certificate of authority as a stock life insurance company under the provisions of Chapter 376 RSMo, "Life and Accident Insurance" under the name, Assurance Life Company.

Xerox Corporation acquired the Company on June 28, 1985, from BusinessMen's Assurance Company of America and changed the Company's name to Xerox Financial Services Life Insurance Company. On September 29, 1994, Xerox Financial Services, Inc., which owned a majority of the Company, purchased 83,356 additional shares of the common stock of the Company for \$3 million. On November 18, 1994, the Missouri Department of Insurance gave approval to Xerox Credit Corporation, which owned 25.7% of the Company, to transfer its shares of the Company stock as a dividend to its parent, Xerox Financial Services, Inc. After the transfer, Xerox Financial Services, Inc. owned 100% of the Company.

On June 1, 1995, Cova Corporation, a newly formed subsidiary of General American Life Insurance Company, purchased the Company and changed its name to Cova Financial Services Life Insurance Company.

On January 6, 2000, the entire General American Life Insurance Company insurance holding company system became part of the Metropolitan Life Insurance Company (MetLife) insurance holding company system. MetLife acquired all the companies for approximately \$1.2 billion cash.

In 2001, the Company's name was changed to MetLife Investors Insurance Company, which is the Company's current name.

The Company's immediate parent is Cova Corporation, which owns all the shares of common stock of the Company. On December 30, 2002 all shares outstanding of Cova Corporation common stock were sold to MetLife, Inc. in a corporate "restacking," which is described in greater detail below under the heading "Acquisitions, Mergers and Major Corporate Events."

The Company operates under the provisions of Chapter 376 RSMo, "Life and Accident Insurance," to write the following lines of business: life, annuities and endowments, accident and health insurance, and variable contracts. MetLife Investors Insurance Company is licensed in the District of Columbia and in every state except the following four: Maine, New Hampshire, New York and Vermont. The Company became licensed in California on December 22, 2002.

Capital Stock

At December 31, 2002, the Company was authorized to issue 5,000,000 shares of common stock at a par value of \$2.00 per share. There were 2,899,446 shares of common stock issued and outstanding at December 31, 2002, for a balance of \$5,798,892 in the Company's common capital stock account.

Dividends

On June 1, 1995, as a prerequisite to the change in ownership, Cova Financial Services Life Insurance Company transferred the stock in its subsidiary, OakRe Life Insurance Company, to its parent, Xerox Financial Services, Inc., as a dividend. The dividend was recorded at the statutory book value of OakRe Life Insurance Company, \$26,368,018. No other dividends have been paid by the Company.

Management

The Company's articles of incorporation indicate that the number of directors of the corporation is to be set by the Company's bylaws. The current bylaws of the Company require nine directors. At December 31, 2002, there were only seven directors, one of whom, Peter M. Schwarz, resigned effective April 1, 2003. On that date three directors were elected bringing the number to the required nine as follows:

<u>NAME</u>	<u>BUSINESS AFFILIATION</u>
James P. Bossert White House Station, New Jersey	Executive Vice President and Chief Financial Officer, MetLife Investors Insurance Company
Susan A. Buffum Chatham, New Jersey	Managing Director, Portfolio Management, MetLife Group
Michael R. Fanning North Andover, Massachusetts	Vice President, IB Service Delivery Group, MetLife Group
Michael K. Farrell New Vernon, New Jersey	Chairman of the Board, Preaident and Chief Executive Officer, MetLife Investors Insurance Company
Elizabeth M. Forget New York, New York Elected March 28, 2003	Executive Vice President and Chief Marketing Officer, MetLife Investors Group
George Foulke East Hanover, New Jersey Elected March 28, 2003	Vice President, Information Technology, MetLife Group

Hugh C. McHaffie
Walpole, New Jersey

Executive Vice President, MetLife
Investors Insurance Company

Richard C. Pearson
San Marino, California

Executive Vice President, General
Counsel and Secretary MetLife
Investors Insurance Company

Jeffrey A. Tupper
Irvine, California
Elected March 28, 2003

Assistant Vice President, MetLife
Investors Insurance Company

The Company's bylaws call for a chairman of the board, a president, one or more vice presidents, a secretary, a treasurer and one or more assistant secretaries. The officers serving at December 31, 2002, were as follows:

NAME

POSITION

Michael K. Farrell

Chairman of the Board, President
and Chief Executive Officer,
MetLife Investors Insurance
Company and President, Cova
Corporation

James P. Bossert

Executive Vice President and
Chief Financial Officer, MetLife
Investors Insurance Company, and
Treasurer, Cova Corporation

Richard C. Pearson

Executive Vice President, General
Counsel and Secretary, MetLife
Investors Insurance Company and
Secretary, Cova Corporation

Helayne F. Klier

Executive Vice President

Hugh C. McHaffie

Executive Vice President

Anthony J. Williamson

Treasurer

Kevin J. Paulson

Senior Vice President

The bylaws allow the board to designate various committees. At December 31, 2002, the board contained the following committees:

Executive Committee

James P. Bossert
Michael K. Farrell
Richard C. Pearson

Audit Committee

Richard C. Pearson
Michael K. Farrell
Peter M. Schwarz
James P. Bossert

Investment Committee

James P. Bossert
Susan A. Buffum
Michael K. Farrell
Richard C. Pearson

Conflict of Interest

The Company requires that a conflict of interest disclosure form be signed annually by all directors and appointed officers of the Company. These forms were reviewed for 2000, 2001 and 2003 with no conflicts noted. The Company did not complete any conflict of interest disclosures in 2002 because they were revising their code of conduct and enhancing their business conduct program.

Corporate Records

The minutes of the board of directors meetings of both the Company and of Cova Corporation were reviewed for the period covered by this examination.

The articles of incorporation and bylaws were reviewed. The articles of incorporation were amended in 2001 changing the name of the Company to MetLife Investors Insurance Company, its current name. There have been no amendments to the bylaws since the last examination.

Acquisitions, Mergers and Major Corporate Events

As stated above, on January 6, 2000, the entire General American Life Insurance Company insurance holding company system became part of the Metropolitan Life Insurance Company holding company system.

On July 1, 2000, all the business ceded to OakRe Life Insurance Company in 1995 was recaptured.

In 2001, MetLife, Inc. initiated a “restacking” program. On December 31, 2001, General Life Insurance Company, a Texas life insurance subsidiary of General American Life Insurance Company acquired all of the outstanding stock of General Life Insurance Company of America, an Illinois life insurance subsidiary of General American Life Insurance Company. On July 31, 2001, General Life Insurance Company of America was merged into General Life Insurance Company. On July 1, 2002, General Life Insurance Company was merged into General American Life Insurance Company.

On December 30, 2002, Metropolitan Life Insurance Company acquired all the outstanding stock of Security Equity Life Insurance Company, a New York subsidiary of General American Life Insurance Company. On October 31, 2003, Security Equity Life Insurance Company was merged into Metropolitan Life Insurance Company.

On December 30, 2002, Metropolitan Life Insurance Company acquired all of the outstanding common stock of Cova Corporation for \$277,400,000. Later that same date, Metropolitan Life Insurance Company contributed all of the capital stock of Texas Life Insurance Company to Cova Corporation at Texas Life Insurance Company’s estimated book value of \$54,300,000. On the same day Metropolitan Life Insurance Company sold all the outstanding shares of Cova Corporation at its new fair market value of \$401,300,000 to MetLife, Inc., the ultimate parent in the holding company system, generating a statutory gain for Metropolitan Life Insurance Company of \$69,600,000.

On December 30, 2002, Metropolitan Life Insurance Company acquired all the outstanding shares of stock of Missouri Reinsurance (Barbados) Inc., a subsidiary of GenAmerican Financial Corporation.

The board of directors of Cova Corporation has approved the merger of MetLife Investors Insurance Company of California, a subsidiary of MetLife Investors Insurance Company, into MetLife Investors Insurance Company. The Company anticipates that the merger will be completed by the end of 2006.

There were numerous other acquisitions, mergers and major corporate events in the MetLife, Inc. holding company system, but only those related to General American Life Insurance Company and its insurance subsidiaries are described above.

Surplus Debentures

As of December 31, 2002, the Company did not have any surplus debentures issued or outstanding.

AFFILIATED COMPANIES

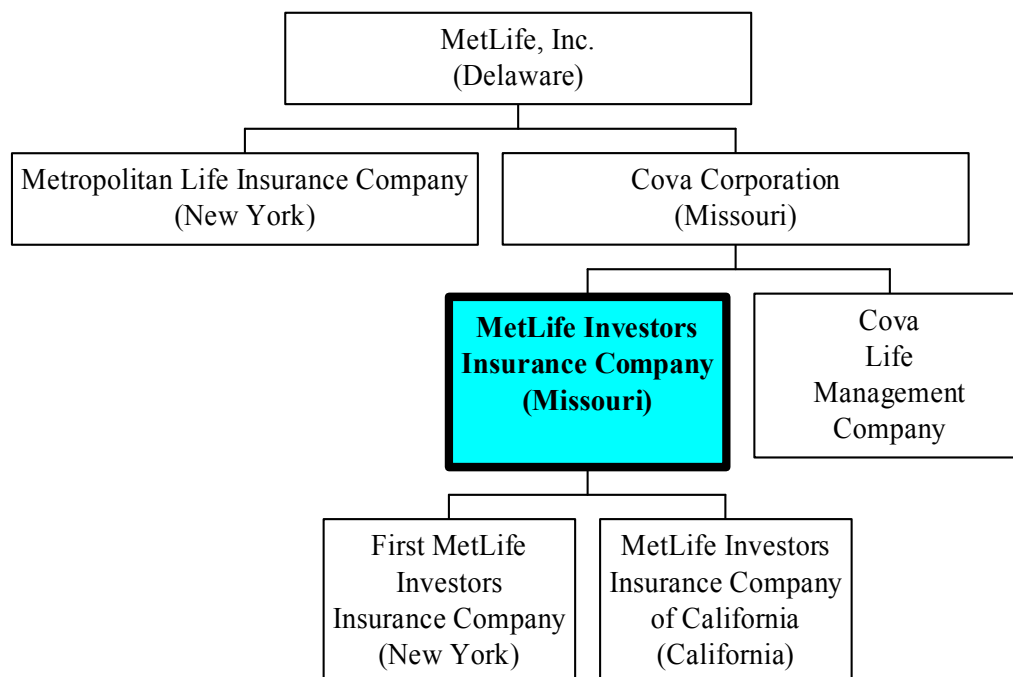
Holding Company, Subsidiaries and Affiliates

The Company is part of an insurance company holding system as defined by Section 382.010 RSMo "Definitions." It is wholly owned by Cova Corporation, which is wholly owned by MetLife, Inc. MetLife Investors Insurance Company in turn is the 100% owner of two subsidiaries, First MetLife Investors Insurance Company (NY) and MetLife Investors Insurance Company of California. As of December 30, 2002, MetLife Investors Insurance Company is no longer part of the General American Life Insurance Company insurance holding company system.

Through December 31, 2002, General American Life Insurance Company on behalf of all its subsidiaries appropriately filed the forms B, C and amendments during the period covered by this examination. Forms D appear to have been filed when necessary.

Organizational Chart

An abbreviated organizational chart follows. Only those Companies directly related to MetLife Investors Insurance Company are shown. All companies are 100% owned by their immediate parent unless otherwise noted.



Intercompany Transactions

In 2000 and 2001, MetLife Investors Insurance Company received capital contributions of \$55 million and \$85 million respectively. There were no capital contributions received in 2002. However in the fourth quarter of 2003, the Company received a capital contribution of \$56 million.

The Company is party to various intercompany agreements. All of the agreements have received approval from the Missouri Department of Insurance. These agreements are as follows:

- Parties:** Cova Financial Services Life Insurance Company, renamed MetLife Investors Insurance Company and First Cova Life Insurance Company renamed First MetLife Investors Insurance Company (NY)

- Type:** Tax Allocation Agreement
- Effective Date:** January 2, 1996
- Terms:** MetLife Investors Insurance Company will file a consolidated federal income tax return for itself and its subsidiaries with the tax liability computed for each member of the group as if they had filed separately.
2. **Parties:** MetLife Investors Insurance Company and Metropolitan Life Insurance Company
- Type:** Investment Management Agreement
- Effective Date:** January 1, 2001
- Terms:** MetLife Investors Insurance Company appoints MetLife to provide the investment advisory services, portfolio management services and back-office services for all cash, cash equivalents, securities, loans, contracts, investments and other property or interests, as well as accretions of any sort, including dividends, interest, sinking fund payments, accrued income, stock splits and realized capital appreciation in respect of MetLife Investors Insurance Company's general account that are held in one or more segregated accounts established by the Company with specified custodians.
- Fees:** MetLife Investors Insurance Company will pay an annual fee in respect of each service in quarterly installments in arrears. The annual fee rate shall be an amount, expressed as a percentage that is equal to all expenses, direct and indirect, reasonably and equitably determined by MetLife.

3. **Parties:** MetLife Investors Insurance Company on behalf of MetLife Investors Variable Annuity Account One, MetLife Investors Group, Inc. and MetLife Investors Distribution Company
- Type:** Principal Underwriter's and Selling Agreement
- Effective Date:** January 1, 2001
- Terms:** MetLife Investors Insurance Company grants to MetLife Investors Distribution Company the exclusive right, subject to registration requirements of the Securities Act of 1933 and the Investment Company Act of 1940 and the provisions of the Securities Exchange Act of 1934, to be the distributor of the contracts issued through the MetLife Investors Variable Annuity Account. MetLife Investors Group, Inc. and MetLife Investors Distribution Company will distribute fixed annuity contracts. MetLife Investors Group, Inc. and MetLife Investors Distribution Company will sell the contracts under terms set by MetLife Investors Insurance Company.
- Fees:** MetLife Investors Insurance Company shall compensate MetLife Investors Group, Inc. and MetLife Investors Distribution Company to meet all of their respective obligations to selling broker-dealers and insurance agencies with respect to all purchase payments accepted. In addition, MetLife Investors Group, Inc. and MetLife Investors Distribution Company shall receive 1.75% of purchase payments on variable contracts, reduced to 1.50% effective January 1, 2002, and 1.25% of purchase payments on fixed contracts, reduced to 1.00% effective January 1, 2002.

4. **Parties:** MetLife Investors Insurance Company and MetLife Investors Distribution Company
- Type:** Shareholder Services Agreement
- Effective Date:** January 1, 2002
- Terms:** MetLife Investors Insurance Company agrees to provide customer support services to MetLife Investors Distribution Company.
- Fees:** The amount for class B shares is an amount equal to .25% per annum of the average daily net assets of the class B shares of a series allocated to customers. The amount for class E shares is an amount equal to .15% per annum of the average daily net assets of the class E shares of a series.
5. **Parties:** Metropolitan Life Insurance Company, General American Life Insurance Company, Metropolitan Insurance and Annuity Company, First MetLife Investors Insurance Company, MetLife Investors Insurance Company, MetLife Investors USA Insurance Company, Metropolitan Tower Life Insurance Company and Texas Life Insurance Company plus additional or substitute partners
- Type:** Partnership Agreement - MetLife Intermediate Income Pool (partnership).
- Effective Date:** June 1, 2002
- Terms:** The partnership has the power to purchase, sell, invest, trade in and lend securities and purchase and sell options and other derivative instruments, and enter into derivative transactions, as to securities. Each partner shall be deemed to own its pro rata share of each item owned by the partnership. The partnership designated Metropolitan Life Insurance Company as the

manager of the partnership to manage and control the business and affairs of the partnership.

Fees: The partnership shall accrue all costs and expenses of its operation including management fees, and shall apportion all such costs and expenses to each partner in proportion to the partner's pro rate share of the partnership's assets. No partner shall receive any management fee for services rendered to the partnership. The manager will charge a management fee for the services rendered by it to the partnership and will compute the fee on the basis of no more than 12 basis points per annum times the average assets of the partnership during each preceding billing period.

6. Parties: MetLife Investors Insurance Company and Metropolitan Life Insurance Company

Type: Sale of Securities

Effective Date: December 17, 2002

Terms: MetLife Investors Insurance Company agrees to sell and Metropolitan Life Insurance Company agrees to purchase scheduled securities with the price of each security being set on the date of the sales at the security's fair market value. The aggregate fair market value of the securities on October 31, 2002 was \$495,420,593 with a book value of \$477,565,830.

7. Parties: MetLife, Inc. and MetLife Investors Insurance Company

Type: Net Worth Maintenance Agreement

Effective Date: December 31, 2002

Terms: MetLife, Inc. agrees that it shall cause MetLife Investors Insurance Company to have at all times during the term of the agreement the greater of a capital and surplus of \$10 million or the amount of capital and surplus as shall be necessary to maintain a total adjusted capital at a level not less than 150% of the company action level Risk Based Capital (RBC). In addition, MetLife, Inc. shall cause MetLife Investors Insurance Company to have the liquidity necessary to enable it to meet its current obligations on a timely basis.

8. Parties: Metropolitan Life Insurance Company and the following non-subsidiary affiliates: First MetLife Investors Insurance Company (NY), MetLife Group, Inc., Met Investors Advisory LLC, MetLife Investors Group, Inc., MetLife Investors Insurance Company, MetLife Investors USA Insurance Company, Walnut Street Securities, Inc., MetLife International Holdings, Inc. and Texas Life Insurance Company.

Type: Master Services Agreement

Effective Date: December 31, 2002

Terms: Metropolitan Life Insurance Company (MetLife) agrees to perform the following services for a recipient as requested: legal, communications, human resources, broker-dealer, general management, controller, investment management, actuarial, treasury, benefits management, systems and technology, adjusting and claims, underwriting and policyholder services.

Fees: Each recipient agrees to pay to MetLife charges equal to all expenses, direct and indirect, including compensation and employee benefits, reasonably and equitably determined by MetLife. The bases for determining the charges to

each recipient shall be consistent with those used by MetLife for internal cost distribution, as provided in New York Insurance Department Regulation 33.

9. Parties: MetLife Group, Inc. and each listed entity which includes GenAmerica Financial Corporation, GenAmerica Management Corporation, General American Life Insurance Company, MetLife Investors Distribution Company, MetLife Investors Group, Inc., MetLife Investors Insurance Company, MetLife Investors USA Insurance Company, Paragon Life Insurance Company, Texas Life Insurance Company and Walnut Street Securities, Inc. The entire list contains 78 entities.

Type: Services Agreement

Effective Date: January 1, 2003

Terms: MetLife Group, Inc. was organized for the purpose of making available personnel to enable the recipients to conduct their present and future operations. MetLife Group, Inc. agrees to the extent requested to provide such services for a recipient as such recipient may determine to be reasonably necessary for the conduct of its operations. MetLife Group, Inc. shall provide personnel, on an as needed basis, qualified to perform services including the following: legal, communications, human resources, broker-dealer, general management, controller, investment management, actuarial, treasury, benefits management, information systems and technology and claims, underwriting and policyholder services.

Fees: Each recipient agrees to pay to MetLife Group, Inc. a charge equal to all expenses, direct and indirect, including compensation and employee benefits,

reasonably and equitably determined by MetLife Group, Inc. The bases for allocating such charges shall be consistent with those to be used by New York domestic life insurance companies for internal cost distribution as provided in New York Insurance Department Regulation 33. To the extent appropriate, MetLife Group, Inc. shall charge on a direct basis, using unit cost-based pricing as well as special pro-rates based upon activity-based costing methods.

FIDELITY BOND AND OTHER INSURANCE

MetLife, Inc. provides insurance coverage for itself and all its subsidiaries. Crime Coverage totals \$60,000,000 in the aggregate and is provided by several companies. The first layer covers the holding company system for \$20,000,000 per loss excess of \$5,000,000 retained. The next layer covers \$30,000,000 per loss in excess of the first \$20,000,000. Both layers cover double the amount in the aggregate per year. This coverage meets the NAIC suggested minimum coverage for the entire holding company. However, it does not comply with the minimum coverage requirement for MetLife Investors Insurance Company. The recommended minimum coverage amount per the NAIC for MetLife Investors Insurance Company is \$2,500,000 and the deductible renders this entire amount uninsured. We discussed this problem with the Company directing them to obtain assurance from its parent to indemnify for losses under \$5,000,000. The Company response to this was as follows:

MetLife Investors is strongly capitalized, as demonstrated by a year-end 2003 RBC ratio of 384%. Further, MetLife Investors estimates that reducing the fidelity bond deductible would cost approximately an additional \$40,000 annually. If the full \$5,000,000 deductible were to be incurred, MetLife Investors would still remain well capitalized, with an RBC ratio of approximately 377%. Due to the factors detailed above, MetLife Investors' management does not believe a lower deductible is cost justified.

The Company is also a named insured on numerous other policies, including property, directors' and officers' liability, excess liability, casualty excess, and workers' compensation and employers' liability insurance. The Company appears to have adequate coverage for protection of its assets.

PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

The Company has no employees. All personnel services are provided through an intercompany services agreement. The personnel are employed by MetLife Group, Inc., a subsidiary of MetLife, Inc. The employees receive a comprehensive benefit package, which includes health and life insurance, paid time off and educational benefits. The employees also are covered by a noncontributory defined benefit plan in which they are vested after five years of full-time employment.

STATUTORY DEPOSITS

Deposits with the State of Missouri

The funds on deposit with the Missouri Department of Insurance as of December 31, 2002, as reflected below, were sufficient in par and market value to meet the deposit requirement for the state of Missouri in accordance with Section 376.290 RSMo "Trust deposits."

<u>TYPE OF SECURITY</u>	<u>PAR VALUE</u>	<u>MARKET VALUE</u>	<u>STATEMENT VALUE</u>
U. S. Treasury Note	<u>\$ 1,500,000</u>	<u>\$ 1,637,340</u>	<u>\$ 1,511,692</u>

Deposits with Other States

The Company also has funds on deposit with various other states in which it is licensed.

Those funds on deposit as of December 31, 2002, were as follows:

<u>STATE</u>	<u>TYPE OF SECURITY</u>	<u>PAR VALUE</u>	<u>MARKET VALUE</u>	<u>STATEMENT VALUE</u>
Arkansas	U. S. Treasury Notes	\$ 120,000	\$ 130,987	\$ 120,935
Georgia	U. S. Treasury Notes	35,000	38,817	36,007
Massachusetts	U. S. Treasury Bond	100,000	115,844	100,176
	U. S. Treasury Notes	500,000	545,780	503,897
New Mexico	U. S. Treasury Bond	100,000	153,656	112,524
North Carolina	U. S. Treasury Bond	200,000	307,312	228,380
South Carolina	U. S. Treasury Notes	125,000	192,070	145,002
	U. S. Treasury Notes	3,000,000	3,154,680	2,986,018
Virginia	U. S. Treasury Bond	60,000	77,663	64,660
	U. S. Treasury Notes	<u>300,000</u>	<u>327,468</u>	<u>302,338</u>
TOTALS		<u>\$ 4,540,000</u>	<u>\$ 5,044,277</u>	<u>\$ 4,599,937</u>

INSURANCE PRODUCTS AND RELATED PRACTICES

Territory and Plan of Operations

The Company is licensed under Chapter 376 RSMo “Life and Accident Insurance” to write life, annuities, endowments, accident and health, and variable contracts. The Company is licensed in the District of Columbia and all but the following states: Maine, New Hampshire, Vermont and New York. However, the Company owns a subsidiary licensed in New York. Currently the Company owns a California subsidiary, but the plans are to merge it into the Company.

The Company markets and services single premium deferred annuities, immediate annuities, variable annuities, single premium variable life insurance and level term insurance. Most of the

policies issued present no significant mortality or longevity risk to the Company, but rather represent investment deposits by the policyholders.

Under the deferred annuity contracts, MetLife Investors Insurance Company guarantees interest rates credited to policyholder purchases for periods from one to seven years with renewals set at a new rate. The Company may assess surrender fees if amounts are withdrawn before scheduled rate reset.

The Company markets its products through various distributors including regional brokerage firms, national brokerage firms and banks. The Company has no captive agents and does no direct marketing of its products.

Policy Forms & Underwriting; Advertising & Sales Materials and Treatment of Policyholders

The Missouri Department of Insurance has a market conduct staff that performs a review of these issues and generates a separate market conduct report. However, there has not been a market conduct examination conducted for this Company in at least ten years and there is no record of a market conduct examination by any other state in which it does business. The state of California is currently conducting a market conduct examination of the Company, but it will not be completed during the course of this examination.

REINSURANCE

The Company's premiums on a direct written and ceded basis for the last three years was as follows:

PREMIUMS	<u>2002</u>	<u>2001</u>	<u>2000</u>
Direct Business	1,310,262,478	813,897,900	15,467,927
Reinsurance Ceded	<u>1,151,539,364</u>	<u>642,014,662</u>	<u>837,244</u>
Net Written Premiums	<u>\$ 158,723,114</u>	<u>\$ 171,883,238</u>	<u>\$ 14,630,683</u>

The Company's major reinsurance coverage and activity during the period under examination was as follows:

Assumed

None.

Ceded

At year-end 2002, MetLife Investors Insurance Company had sixteen reinsurance agreements in place, most of them with the following three MetLife affiliates; General American Life Insurance Company, RGA Reinsurance Company and Metropolitan Life Insurance Company. Of the \$435,670,642 of ceded reinsurance in-force, \$419,685,745 or 96.33% is with affiliates and 99.99% of premiums ceded in 2002 were ceded to the three affiliates. The most significant treaties relevant to in-force, premiums and reserve credits taken are listed below by reinsurer.

RGA Reinsurance Company

This treaty became effective August 19, 1997 and was amended January 1, 2000 to no longer accept new business under the agreement. The in-force business continues to be covered under the treaty. The treaty covers term life policies of five, ten, fifteen and twenty years plus accelerated death benefit, accidental death benefit, children's insurance and waiver of premium riders. MetLife Investors Insurance Company retains 20% of each risk up to \$50,000 for life plans and riders and an additional \$10,000 of each risk where the net amount at risk does not exceed \$60,000. This treaty accounted for \$392,926,100 or 93.62% of the 2002 ceded reinsurance in-force, but only .59% of the reserve credit taken and .04% of premiums ceded.

Metropolitan Life Insurance Company

This treaty became effective on January 1, 2001 and is a 90% coinsurance agreement covering single premium deferred annuity contracts (SPDAs). All new SPDAs will automatically be reinsured with no ceding commissions. This treaty accounted for 99.02% of the reserve credit taken in 2002 and 31.65% of the premium ceded.

Metropolitan Life Insurance Company

This is a 90% quota share modified coinsurance agreement that became effective on April 1, 2001. It covers a scheduled listing of variable annuity products. This treaty accounted for 68.19% of the premiums ceded in 2002 and 85.59% of the modified coinsurance reserve taken.

Metropolitan Life Insurance Company

This is a 100% modified coinsurance agreement that became effective December 31, 1999 and covers all individual term life and variable life insurance policies and individual fixed and variable annuities issued or renewed on or after July 25, 1999 through January 1, 2000 that were not otherwise covered under existing agreements. This agreement accounts for only 2.09% of ceded reinsurance in-force, .03% of ceded premiums and 14.41% of the modified coinsurance reserve.

ACCOUNTS AND RECORDS

The Company accounts for its two wholly owned subsidiaries based on their net worth. This is one of the methods approved by the Securities Valuation Office (SVO).

The Company's general ledger is maintained on PeopleSoft. Detailed policy information is maintained in a service center in Des Moines, Iowa.

The Company's financial statements have been audited annually by Deloitte & Touche LLP since the purchase by MetLife. Reserves and related actuarial items are reviewed and certified by Louis M. Weisz, FSA, MAAA, Vice President and appointed actuary of MetLife Investors Insurance Company.

Consulting actuary, Leon L. Langlitz, FSA, MAAA, Vice President of Lewis & Ellis Inc., was retained by the Missouri Department of Insurance to review the adequacy of reserves and other related liabilities.

The Information Systems Examination Specialist with the Missouri Department of Insurance reviewed the Company's information systems with no major problems noted. The Company has a disaster recovery plan in place.

The Company is in violation of 20 CSR 200-4.010 "Books, Records, Accounts and Vouchers," both paragraph (3) "Location of Files," which states "All financial books, records and accounts necessary for the annual statement of a Missouri insurer must be kept in a central location" and paragraph (4) "Time Limits," which states, "The insurer shall provide, within five (5) working days, any record requested by any duly appointed financial examiner . . ." Our contact people at the Company reacted to our requests immediately, but the complex structure of the organization and the far from smooth transition of records from St. Louis and Chicago to other locations, made locating documentation a daunting task, sometimes taking several months.

FINANCIAL STATEMENTS

The following financial statements, with supporting exhibits, present the financial condition of the Company as of December 31, 2002 and the results of operations for the year then ended. Any examination adjustments to the amounts reported in the annual statement and/or comments regarding such are made in the “Notes to the Financial Statements” which follow the financial statements. (The failure of any column of numbers to add to its respective total is due to rounding or truncation.)

There may have been additional differences found in the course of this examination, which are not shown in the “Notes to the Financial Statements.” These differences were determined to be immaterial concerning their effect on the financial statements, and therefore were only noted in the workpapers for each individual annual statement item.

	ASSETS		
	LEDGER & NON-LEDGER ASSETS	NON ADMITTED & EXAM CHANGES	NET ADMITTED ASSETS
Bonds	\$ 1,566,548,466		\$ 1,566,548,466
Common stocks	44,414,324		44,414,324
Mortgage loans on real estate-first liens	270,162,367		270,162,367
Policy loans	27,177,041		27,177,041
Cash and short-term investments	184,730,425		184,730,425
Other invested assets	147,827,271		147,827,271
Amounts recoverable from reinsurers	914,336		914,336
Other amounts receivable under reinsurance contracts	13,880		13,880
Federal and foreign income tax recoverable	1,837,616	1,837,616	-
Guaranty funds receivable or on deposit	8,809,540		8,809,540
Life insurance premiums and annuity considerations deferred and uncollected	85,857		85,857
Investment income due and accrued	22,109,014		22,109,014
Amounts due from agents	208,339	208,339	-
Miscellaneous assets	557,186		557,186
From Separate Accounts statement	<u>2,642,418,405</u>	<u>-</u>	<u>2,642,418,405</u>
Total	<u>\$ 4,917,814,067</u>	<u>\$ 2,045,955</u>	<u>\$ 4,915,768,112</u>

LIABILITIES, SURPLUS AND OTHER FUNDS

Aggregate reserve for life policies and contracts	\$ 1,993,511,899
Liability for deposit-type contracts	68,494,400
Contract claims: Life	3,532,389
Other amounts payable on reinsurance	64,737,778
Interest maintenance reserve	11,225,451
Commissions to agents due or accrued	44,082
General expenses due or accrued	843,406
Transfers to Separate Accounts due or accrued	(65,694,888)
Taxes, licenses and fees due or accrued	8,848,780
Federal income taxes	535,949
Amounts withheld or retained by company as agent or trustee	(187,853)
Remittances and items not allocated	22,234,317
Liability for benefits for employees and agents	584,361
Asset valuation reserve	4,376,627
Reinsurance in unauthorized companies	2,244,430
Payable to parent, subsidiaries and affiliates	5,803,345
Payable for securities	1,014,764
Miscellaneous liability	280,000
From Separate Accounts statement	<u>2,642,332,971</u>
Total Liabilities	\$ 4,764,762,208
Common capital stock	5,798,892
Gross paid in and contributed surplus	344,125,212
Unassigned funds (surplus)	<u>(198,918,199)</u>
Total Surplus	<u>\$ 151,005,905</u>
Total Liabilities, Capital and Surplus	<u>\$ 4,915,768,113</u>

SUMMARY OF OPERATIONS

Premiums and annuity considerations	\$ 158,723,114	
Considerations for supplementary contracts with life contingencies	2,117,743	
Net investment income	133,565,469	
Amortization of interest maintenance reserve	190,734	
Separate Accounts net gain from operations	38,776	
Commissions and expense allowances on reinsurance ceded	68,509,601	
Reserve adjustments on reinsurance ceded	745,379,395	
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	36,637,581	
Miscellaneous income	<u>5,123,408</u>	
Total		\$ 1,150,285,821
Death benefits	4,623,845	
Annuity benefits	87,992,616	
Surrender benefits and other fund withdrawals	291,917,737	
Interest and adjustments on contracts or deposit-type contracts	5,557,795	
Payments on supplementary contracts with life contingencies	2,111,924	
Increase in aggregate reserves for life and accident and health policies	129,912,815	
Total		(522,116,732)
Commissions on premiums and annuity considerations	69,797,163	
General insurance expenses	48,587,208	
Insurance taxes, licenses and fees	1,532,894	
Increase in loading on and cost of collection in excess of loading	27,781	
Net transfers to or (from) separate accounts	503,122,350	
Total		<u>(623,067,396)</u>
Net Gain (Loss) from Operations		<u>\$ 5,101,693</u>
Federal income taxes payable/(receivable)	(407,041)	
Net realized capital gains or (losses)	(15,161,984)	
Total		<u>(14,754,943)</u>
Net Income		<u>\$ (9,653,250)</u>

NOTES TO FINANCIAL STATEMENTS

None.

EXAMINATION CHANGES

None.

GENERAL COMMENTS AND/OR RECOMMENDATIONS

Accounts and Records

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The Company is in violation of 20 CSR 200-4.010 “Books, Records, Accounts and Vouchers,” both paragraph (3) “Location of Files,” which states “All financial books, records and accounts necessary for the annual statement of a Missouri insurer must be kept in a central location.” The Company’s financial records are kept in numerous locations all across the United States and requested items could take months to receive. There did not appear to be any lack of cooperation on the part of Company personnel. They had difficulty in locating appropriate records for our requests.

We recommend that the Company establish a central location for all financial records and that an audit trail be maintained.

ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of MetLife Investors Insurance Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Daniel P. Callahan, CPA, CFE; James M. Simmerman, CFE; Karen J. Milster, CPA, CFE; Rick A. Stamper, CFE and Andrew T. Balas, AES, CFE, CPA; examiners for the Missouri Department of Insurance, participated in this examination. Leon L. Langlitz, FSA, MAAA, Vice President of Lewis & Ellis, Inc. reviewed the actuarial assumptions and methods used by the Company in determining policy reserves and related actuarial items.

VERIFICATION

State of Missouri)
) ss
County of Cole)

I, Christiana Dugopolski, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records or other documents of the Company, its agents or other persons examined or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs and such conclusions and recommendations as the examiner finds reasonably warranted from the facts.

Christiana Dugopolski, CPA, CFE
Examiner-in-Charge
Missouri Department of Insurance
Midwestern Zone, NAIC

Sworn to and subscribed before me this _____ day of _____, 2004.

My commission expires:

Notary Public

SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with NAIC procedures and guidelines as contained in the Financial Condition Examiners Handbook has been confirmed.

J. Douglas Conley, CFE, FLMI, CIE, AIAF, ARe
Audit Manager - St. Louis
Missouri Department of Insurance
Midwestern Zone, NAIC